



OFFICE OF THE COUNTY AUDITOR

MEMORANDUM

Haskell Arnold, CPA
County Auditor

September 20, 2007

MEMO TO: Joseph A. Herr, Chief
Department of Fire and Rescue Services

Sharon E. Greisz, Director
Department of Finance

THRU: Haskell N. Arnold
County Auditor

FROM: Stephen E. Peters, Jr.
Assistant County Auditor

SUBJECT: Annual Physical Inventory Count

We visited the Fire Administrator's Office to observe the annual physical inventory count on June 26, 2007. During our review we obtained the inventory records maintained by the Department of Fire and Rescue Services as of June 26, 2007, showing a total inventory value of \$160,719.29. We observed the physical inventory counting process of various uniform items, emergency drugs and medical supplies and reviewed the counts taken on 258 items with a value of \$142,118.31 or 88.43% of the total inventory value.

We found discrepancies in nine of the 258 items sampled. The discrepancies in these four items totaled \$102.68 or 0.07% of the items sampled. We consider this to be an immaterial amount and within acceptable limits. The actual physical inventory had a value of \$160,821.97. The Department of Fire and Rescue Services made adjustments to reflect these discrepancies. The Department of Finance had an additional discrepancy of \$124.25 due to discounts taken and freight costs, for a total of \$226.93. The Department of Finance made an adjustment of \$8.77 to correct some of the discrepancy, but a difference of \$218.16 remains. While this amount represents only 0.14% of the total inventory and is considered to be immaterial, the balance of the corrections should be made so that the records are in agreement.

For fiscal year 2006, the inventory value was \$190,056.73. The fiscal year 2007 inventory decreased \$29,234.76, or 15.38%, primarily due to the elimination from inventory of a series of textbooks that, at the end of Fiscal Year 2006, had a value of \$24,496.06. These textbooks were often revised and those in inventory would then become obsolete before issuance, so it was decided not to carry them in inventory.

Based on our review, the results of the annual physical inventory process appear to adequately reflect the inventory at this facility.

We would like to thank Mr. Mark Kendall of the Fire Administrator's Office and Ms. Angela Price of the Department of Finance for their cooperation during this inventory review process.

cc: Council Members

Ken Ulman, County Executive

Lois Miller, Administrative Services Office

F-invme07

SP: szs